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Report on the special reserve for separations relating to the United Nations Office for Project Services and the liabilities affecting UNDP

1. In its decision 2002/17, the Executive Board authorized the establishment of a special reserve of $1.5 million and requested that the Administrator of UNDP report back on liabilities affecting UNDP in relation to workforce reduction at the United Nations Office for Project Services (UNOPS) during the first regular session of the Executive Board in January 2003.

2. As a result of the workforce reduction at UNOPS, 16 people holding UNDP letters of appointment have been displaced from their positions in UNOPS. While the actual cost will depend on the number of staff who are not placed and who are terminated, the estimated total liability to UNDP and UNOPS of separating 16 people would be $2.3 million. Based on the apportionment agreement between UNDP and UNOPS, the total cost to UNDP would be $1.1 million.

3. As of 30 November 2002, eight staff are in the process of being separated at an estimated cost of 0.5 million to UNDP. There are still possibilities for the placement of the other eight affected staff but, if they also need to be separated, the estimated costs would be about $0.6 million.

4. The use of the special reserve will be reported on in the 2002-2003 UNDP audited financial statements.

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